

THE MULTIFACETED
RELATIONSHIP BETWEEN
ACCOUNTING, INNOVATIVE
ENTREPRENEURSHIP, AND
KNOWLEDGE
MANAGEMENT

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ACCOUNTING,
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ENTREPRENEURSHIP,
AND KNOWLEDGE
MANAGEMENT:
THEORETICAL CONCERNS
AND EMPIRICAL INSIGHTS

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INTRODUCTION

Rosanna Spanò and Nadia Di Paola

The book deals with an increasingly crucial but under-researched topic, which is the interplay between accounting, innovative entrepreneurship, and knowledge management (KM).

Such relationships are often neglected and rarely addressed acknowledging the possible positive synergies that may be triggered, due to consolidated skepticism and the grounds that accounting, innovative entrepreneurship, and KM are worlds apart. It is both theoretically driven and empirically focused, also attempting to provide useful practical recommendations and policy suggestions. We contend that full comprehension of the dynamics taking place is now paramount from both the theoretical perspective and the practical and policy-making sides. Thus, in the first chapter we explore innovative entrepreneurship, a relatively recent and complex phenomenon, which presents ramifications in many different disciplinary fields. Going over the essential features of the literature on innovative entrepreneurship, we analyze the articulation of the phenomenon, by discussing and comparing some of the proposed classifications. Special space is devoted to the behavioral questions and the business plan issues of these days.

The second chapter begins by acknowledging that from both theoretical and practical perspectives the relationship between innovation and control is becoming increasingly central and yet it has been scarcely investigated, despite its crucial relevance within the entrepreneurship domain, especially in KM terms. Moving from this awareness, the chapter is grounded in the debate of the strategic role of control systems, especially broadly conceived management accounting systems in innovative settings. It addresses the issues pertaining to how to do systems and innovative interaction and shape each other in knowledge-intensive domains to support entrepreneurship. In particular, the paradigm shift that showed the relevance of control and accounting to innovative entrepreneurship (Davila et al., 2009) is our starting point. However, in addition to the cited debate, we add the role of KM and accounting as an enabler of KM and thus entrepreneurship. Our innovative stance stays in this even broader view. Also, we look at accounting as a social practice – necessarily a huge theoretical stream, above all referring to performance management system (PMS) conceptions following Ferreira and Otley (2009) (and its broad applications). The business plan, will then be relied upon as a potential enabler in the multifaceted perspective of the relationships addressed here.

Finally, the third chapter drawing on the issues raised in chapters 1 and 2, deepens the relationship between accounting and innovative entrepreneurship also in the KM perspective, to understand whether and how accounting tools can be supportive of entrepreneurial processes. In this regard, we take the holistic view of accounting addressed in chapter 2 and focus on its twofold behavioral potential, that is, related to both the internal and external perspectives of the entrepreneurs and their adventure, in relation with themselves and the external environment. The chapter embraces Ajzen's theory of planned behavior, according to which actions

depend upon the intentions, so that the intentions might be useful in order to anticipate future actions to unveil the drivers leading to entrepreneurial actions. In particular, we discuss and analyze the role of the business plan as a supportive tool leading to them. More specifically, we carry on an empirical analysis based upon fsQCA methodology to answer the following question: “How does business planning process support innovative entrepreneurship?” Thanks to this approach, we are able to take an original perspective in the analysis of the relationships between accounting and entrepreneurship, by discussing the role of the business plan as a holistic accounting tool that has strategic relevance and represents a dynamic and discursively agreed PMS. The third chapter also aims to suggest that not only accounting an enabler of KM and innovative entrepreneurship, but that is accounting can, in turn, benefit from such a virtuous relationship.

The book proposes a novel approach to the understanding of entrepreneurial world, that is, quickly changing and thus offers novel and interesting challenges. It tries to tie together three apparently compartmental debates, surrounding control, innovative entrepreneurship, and KM, which however need to be integrated and comprehended as a whole to support the entrepreneurial adventure in this new era. In so doing, the book acknowledges that there is a need to build a bridge between theory and practice, and therefore provides a rich empirical analysis to support and complement the theoretical issues raised.

This book’s value lies in the fact that this is to date the unique work to systematically address the issues relating to the multifaceted relationship between accounting, innovative entrepreneurship, and KM, usually only slightly touched upon in journal articles. Also, it offers a profound but easily understandable theoretical systematization – to date unavailable,

that is, strongly compelled with relevant practical and policy implications, sometimes neglected in the field. Finally, it benefits from rich empirical material on real case studies and investigation that goes beyond the typical unidirectional approaches, to find out behavioral dimensions previously not disentangled. This clearly adds practical value to the research and the conclusion drawn from the analysis.